

# LOUISVILLE METRO COUNCIL COMMITTEE MINUTES

## Committee on Government Accountability and Audit

**Wednesday, April 23, 2008**

**3:30 P.M.**

### Third Floor, City Hall

**Present:**

**Chairman: CM Downard**

**Members: CM Ward-Pugh, CM Kramer & CM Blackwell**

## Also Present:

# President King

**Absent:**

**CM Hamilton (excused absence)**

Chairman Downard began the meeting by introducing the members and non-members of the committee that were present. A quorum was established.

## **Special Items For Discussion - Presentation by Mike Burnside – Update on the Pension Plan**

Mike Burnside, Executive Director of the Kentucky Retirement Systems was present to speak regarding the Kentucky Retirement Systems. A power point presentation was given. (attached) The following was discussed:

- The Kentucky Retirement Systems has more than 316,000 State and local government employees and covers three Plans
  - Kentucky Employees Retirement System (KERS)
  - County Employees Retirement System (CERS) - Ours
  - State Police Retirement System (CPRS)
- Current CERS Current Status
- Blue Ribbon Commission
  - Three main emphasis areas
    - Financing Strategy
    - Pension Benefits
    - Health Insurance benefits
- Actuarial Basics
  - Unfunded Actuarial Liability (UAL)
  - Rising Cost of Health Care
  - Failure to contribute the full amount of the Annual Required Contribution
  - Enhanced benefits in previous years
  - Unfunded COLA (Cost of Living Allowance)
  - Economic Recession in 200-2002 and we are in a recession today
- Generic Funding Mechanics
  - Three sources of income
    - Investment
    - Employer
    - Employee
- Actuarially Recommended 2008-2009 Employer Contributions
- Ideas that may help
- Pension Reform
- HB 600
  - New tier of benefits for new employees effective July 1, 2008
  - Freezes CERS employer contribution levels for biennium
  - Health Insurance trust fund
- Senate Committee substitute
  - New tier of benefits for new employees effective July 1, 2008
  - Annuity Savings Plan

- KRS manages investments, employee choice of index/risk level
- Health Insurance
- Freezes CERS employer contribution levels for the biennium
- Establish Local Government Employees Retirement System
- Move classified school board employees to KERS
- Proposed Changes for Existing Employees
  - New rules on retired and re-employ
  - COLA changes
  - Service purchases include earliest possible retirement date
  - Eliminate partial lump-sum pay outs
- Accounting of unclaimed benefits
- State is not paying their full amount in KERS
- Local Government Employers are paying their full amount in CERS
- Government benefits regarding Retirement vs. Private Sector
- Double Retirement (Double Dipping)

Motion to Adjourn was made by Tina Ward-Pugh and seconded by Kevin Kramer.

**Without objection the Meeting adjourned at 4:45 P.M.**

**KQG**